



APPROVED MINUTES
Idaho Soil Conservation Commission
2270 Old Penitentiary Road
Boise, Idaho

The Idaho Soil Conservation Commission (ISCC) resumed its regular, bi-monthly meeting on January 11, 2005 in lower conference rooms 1 and 2 at the Idaho State Department of Agriculture (ISDA) in Boise, ID. Attendance was as follows:

Members: Bill Whittom, Chairman
J. Morgan Evans, Vice-Chairman
Gary Grindstaff, Secretary
Jerry Reid, Member

Members not Present: Tom Johnston, Member

Advisors: Kyle Hawley, Idaho Association of Soil Conservation
Districts (IASCD)

Advisors not present: Paul McCawley, University of Idaho (U of I)
Rich Sims, USDA-Natural Resources Conservation Service
(NRCS)

Others: Jerry Nicolescu, ISCC
Jennifer Ambrose, ISCC
Christy Mastin, ISCC
Tony Bennett, ISCC
Biff Burleigh, ISCC
Susan Tharp, Natural Resources Conservation Service

(NRCS) Kent Foster, IASCD
Donell Fluckiger, ISCC
Kent Foster, IASCD
Steven Smith, ISCC
Bob Bartholomew, NRCS
JoAnn Taylor, Bear Lake Soil and Water Conservation

District Robert Ward, Bear Lake Soil and Water Conservation

District Amy Reid, South, Johnson & Company
Tom South, South, Johnson & Company

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Governor
Dirk Kempthorne

Commission members
Jerry Reid
Bill Whittom
J. Morgan Evans
Gary Grindstaff
Tom Johnston

Administrator
Jerry Nicolescu

Welcome/Announcements

Chairman Whittom called the meeting to order at 8:40 am. Bob Bartholomew and Susan Tharp, both of NRCS, were welcomed to the meeting.

TSP Update Report

Tony Bennett distributed a summary report of TSP work to date and proceeded to deliver the TSP update report. Bennett reported that more than \$20,000 has been earned thus far, and although this may be a significant amount of funding, it is only one-fifth of the amount specified in our agreement with NRCS. Bennett indicated that an

upcoming teleconference (scheduled for 10 A.M. MST on January 13, 2005) will give ISCC/IASCD employees and the District Conservationists in their areas a little better understanding of what work qualifies (qualified farm bill contracts) and stress the priority that TSP work should be taking. Bennett noted that significant strides have been made in the last few months, with reported hours increasing dramatically. Nicolescu led a discussion on the use of the TSP dollars earned. The Commission recently obtained preliminary approval from Jane McClaran (Division of Financial Management) to spend earned TSP dollars on vehicles or other necessary equipment items for field staff. On a related note, Nicolescu reported that the Commission's FY06 budget request included an additional \$120,000 for the purchase of six new vehicles. The Governor's recommendation (released yesterday, January 10th) only included an additional \$20,000 for the purchase of one new vehicle.

RCRDP Loan Application(s) Reviews

Roger and Mary Stutzman

Mastin presented the application for Roger and Mary Stutzman. Reid moved to approve the loan as recommended by the loan officer with a seven-year term rather than a ten-year term as requested. Evans seconded and the motion carried without discussion. Details of the application below:

Signing Parties: Roger and Mary Stutzman					
Loan Amount:	\$55,000	Term:	7 Years	Rate:	4%
Conditions:	<ul style="list-style-type: none">· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan· Security interest waiver for landowner				
Disposition:	Approved with seven-year term				

Larry and Linda Lammers

The next loan presented was for Larry and Linda Lammers. Mastin noted that the Lammers' have a rather high debt-to-income ratio but their debt-to-asset ratio is acceptable. Grindstaff noted that it is a solid conservation measure and the project would be very beneficial to the area. After some discussion, Reid moved to approve the loan as requested and Evans seconded. Motion carried. Details of the loan application as recorded below:

Signing Parties: Larry and Linda Lammers					
Loan Amount:	\$34,000	Term:	10 Years	Rate:	4%
Conditions:	<ul style="list-style-type: none">· ISCC to be secured by insured 2nd-position R/E mortgage on 144 acres· Value of R/E to be established by an acceptable evaluation source· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan				
Disposition:	Approved				

Jim and Doris Pearson

Mastin presented the Pearson application, noting their debt-to-income ratio, which is of some concern. There was much discussion regarding the Pearson's credit rating, their credit card use/payment history, and their poor debt-to-income ratio. Reid moved to approve the loan application as recommended by the loan officer with a ten-year term rather than a five-year term as requested. Grindstaff seconded the motion. Motion carried with Evans voting nay. Details as noted below:

Signing Parties: Rick and Doris Pearson					
Loan Amount:	40,900	Term:	10 Years	Rate:	4%
Conditions:	<ul style="list-style-type: none">· ISCC to be secured by insured 2nd-position R/E mortgage on 280 acres· Value of R/E to be established by an acceptable evaluation source· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan				
Disposition:	Approved with ten-year term				

Ellen Jean Smith

Mastin reviewed the Smith application with everyone. Reid moved to approve the loan as requested and Evans seconded. The motion carried without further discussion. Details of the loan as recorded below:

Signing Parties: Ellen Jean Smith		
Loan Amount: \$42,500	Term: 10 Years	Rate: 4%

Conditions:	<ul style="list-style-type: none">· ISCC to be secured by insured 2nd-position R/E mortgage on 80 acres· Value of R/E to be established by an acceptable evaluation source· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan
Disposition:	Approved

Vernon, Bryan Ravenscroft

Mastin reported on a recent servicing action for the Ravenscroft loan which was formally approved on September 13, 2004. Vernon Ravenscroft, Bryan's father, had offered real estate as security on Bryan's loan. Unfortunately, Vernon recently passed away and probate court must complete the transfer of estate from Vernon's name to Bryan's name before the Commission will be able to legally encumber the property as stipulated. The Agreement of Conditions is already on file as completed and signed by Vernon. Bryan is requesting a six-month extension of our commitment period so that the probate process may be carried out. Grindstaff moved to approve a six-month extension and Evans seconded. Motion carried.

RCRDP Policy Review

Mastin distributed copies of the RCRDP loan policy and reviewed several changes and/or clarification of language that she felt should be made to the recently revised policy. After discussing the first change, Grindstaff moved to approve and Reid seconded. Evans requested that the entire document be reviewed and all changes be considered before any motions were entertained. There was lengthy discussion of terminology and reconciliation of the terms of commitment. Reid moved to approve all changes as presented and recorded by the loan officer. Grindstaff seconded and the motion carried.

Staff Recognition

Steven Smith had been unable to arrive in time for the Staff Recognition presentation during the first day of Commission meeting due to very poor weather and driving conditions in Eastern Idaho. Tony Bennett presented a plaque to Smith in recognition of the outstanding work he has been doing. Chairman Whittom thanked Smith for his contributions and personal dedication.

Conservation Improvement Grants

Burleigh made a brief presentation of conservation improvement grants to be considered. He had submitted a priority list of five grants that the Commissioners had reviewed prior to the meeting. Evans moved to approve the priority list as it was

presented and Reid seconded the motion. Motion carried. A summary of the grants (in priority order) approved is included below:

Recipient	Project	District	Amount
Mike Phariss	Gated pipe installation	Canyon SCD	\$6,712
Russell Elsberry	Surface irrigation system conversion to surge irrigation	Canyon SCD	\$9,475
Ron Zabel	Gated pipe installation	Canyon SCD	\$7,450
Ellen Jean Smith	Surface irrigation conversion to center pivots	Balanced Rock SCD	\$10,000
Zink Farm Operating Partnership	Surface irrigation conversion to center pivots	Balanced Rock SCD	\$10,000
5 irrigation projects		2 Districts	\$189,848

Lengthy discussion was heard on the ground water mitigation grants awarded to water users in the Snake River Plain last summer. Nicolescu reported that the monies expended are not likely to be returned to our budget, so on one hand, the Commission paid a price for the projects, but at the same time, worthwhile conservation projects were implemented. The Commission was also able to reach a segment of landowners that we might not have had the opportunity to interact with through any other program. Much discussion ensued on the efficacy of the sprinkler conversion projects and their overall impact on aquifer levels on the Snake River Plain.

Grassland Reserve Program, Introduction

Bob Bartholomew, Assistant State Conservationist and program coordinator for NRCS, spoke to the Commission on the Grassland Reserve Program (GRP). He reported that GRP, a relatively new program introduced as part of

the 2002 Farm Bill, was, and continues to be severely under funded. The program was intended to preserve and protect grassland acreage through ten year, 15 year, and 20-year rental agreements, or 30 year and permanent easements.

Bartholomew went on to describe the application process and the accompanying ranking sheet. He noted one question in the application which asked "is parcel currently grazed?" that was intended for use as a screening tool. Partway through the ranking process, general council ruled that lands did not need to be grazed in order to be eligible for GRP, a decision made in an effort to segue into the Conservation Security Program. This change in criteria has apparently caused some concern in the Bear Lake SCD, where producers received GRP benefits based on a revised application/ranking process.

OnePlan Update

Wayne Newbill presented a very brief OnePlan update. Highlights are summarized below:

- Common land units maps being supplied by Farm Service Agency (FSA) for the Range Management Planner

- Demo design shell for the Range Management Planner up on test site for evaluation
- Environmental Site Descriptions (ESDs) being conducted as part of the development process and may take as long as two years to complete
- ESDs will be the delaying factor in the RMP's deployment

It was suggested that the RMP component of OnePlan be tied in some way to the Animal ID program that the Idaho State Department of Agriculture (ISDA) is planning to launch. It was also recommended that data among the various OnePlan components be linked so that an individual may enter data for their operation/property only once, rather entering information repeatedly in the various OnePlan modules.

Nicolescu reported that the OnePlan Executive Committee has been working with Boise State's Environmental Finance center on a cost-benefit analysis of Best Management Practices.

Fiscal Year 2006 Budget Report

Nicolescu distributed the 2005 Idaho Legislative Budget Book. He briefly shared the Governor's recommendations for the Commission's budget and then went on to review Ray Houston's (Legislative Services Office) summary of our historical budget and current budgetary requests. Nicolescu reported that a hearing for ISCC's supplemental requests is to be held in conjunction with ISDA at 8:10 AM on January 13, 2005 and the Commission's budget hearing is scheduled for 8 A.M. on February 14, 2005.

Restitution

Nicolescu reported that since the restitution hearing (for former loan officer David Coburn's embezzlement case), the Commission has been presented with two options. Liens may be placed on the Coburn family's properties, or we may proceed to file a claim with the Department of Administration's Risk Management Division. There are drawbacks to both choices, however, and at this time, it is unclear which option the Commission should choose. Filing liens against the Coburn's property would not guarantee complete recovery of funds, nor would it net a return in any immediate timeframe. On the other hand, while a Risk Management claim would ensure an immediate settlement of our losses, our rates are likely to increase as the Commission is insured through the Department of Administration.

Audit Findings Report

Nicolescu welcomed and introduced Amy Reid and Tom South of South, Johnson and Company. Audit findings had been distributed for review during the November 2004 meeting and copies of that report were distributed as South reviewed the information with everyone. Most audit findings simply confirmed what the Commission's

administrative staff discovered for themselves as they took over the loan program after Coburn's dismissal. The following items were listed as "the most common, significant compliance deficiency findings":

- Failure to document or maintain evidence of administrative or Commission approval for additions to original loans.
- Failure to maintain evidence in loan file of technical certification
- Failure to document and maintain evidence of insurance and title on equipment purchased
- Failure to document and maintain evidence of W-9 and vendor invoices
- Failure to document and maintain evidence of borrower's signature on revised promissory notes
- Incorrect allocations of interest and principle on borrower repayments

Grassland Reserve Program, Discussion

JoAnn Taylor, Bear Lake SWCD Administrative Assistant, and Robert Ward, Bear Lake SWCD Chairman appeared before the Commission to discuss their concerns on the Grassland Reserve Program. A weighty packet of supporting evidence (forms, policy, applications, and written statements) was distributed for reference. Taylor indicated that the Bear Lake's board feels GRP was promulgated as a working-ranch-specific program. Further, that when properties were chosen, the selected applicants did not appear to meet the criteria established nor did the selections appear to be consistent with the publicized purpose of the program.

There was lengthy discussion on the fairness, logic, and appropriateness of the decisions made and applications accepted by NRCS. In short, it was a matter of opinion and perspective regarding the disbursement of a relatively small sum of money among eligible producers in our state. It was noted that the Commission has no relative bearing on the situation and was not in a position to act on the current conflict in Eastern Idaho that arose due to the described eligibility decision. Nicolescu offered to write a letter that would accomplish the following: 1) Recommend that the Partnership evaluate their information dissemination process; and 2) Recommend uniformity of review and application of programs. Hawley suggested that it would seem field staff don't have sufficient time to train, discuss, and understand programs before they are asked to implement them and he asked that this issue also be addressed in Nicolescu's letter. Reid moved that the Commission proffer a letter of support and understanding to the Bear Lake SWCD. Grindstaff seconded and the motion carried.

Adjournment

With no further business to discuss, Evans moved to adjourn the meeting at 12:16 P.M. Grindstaff seconded and the motion carried.

Respectfully submitted by Jenn Ambrose, Administrative Assistant.